

Joint Legislative Audit
and Review Commission

**Annual Workplan, Salary
Scale Adjustments and
Other Matters**

May 8, 2000

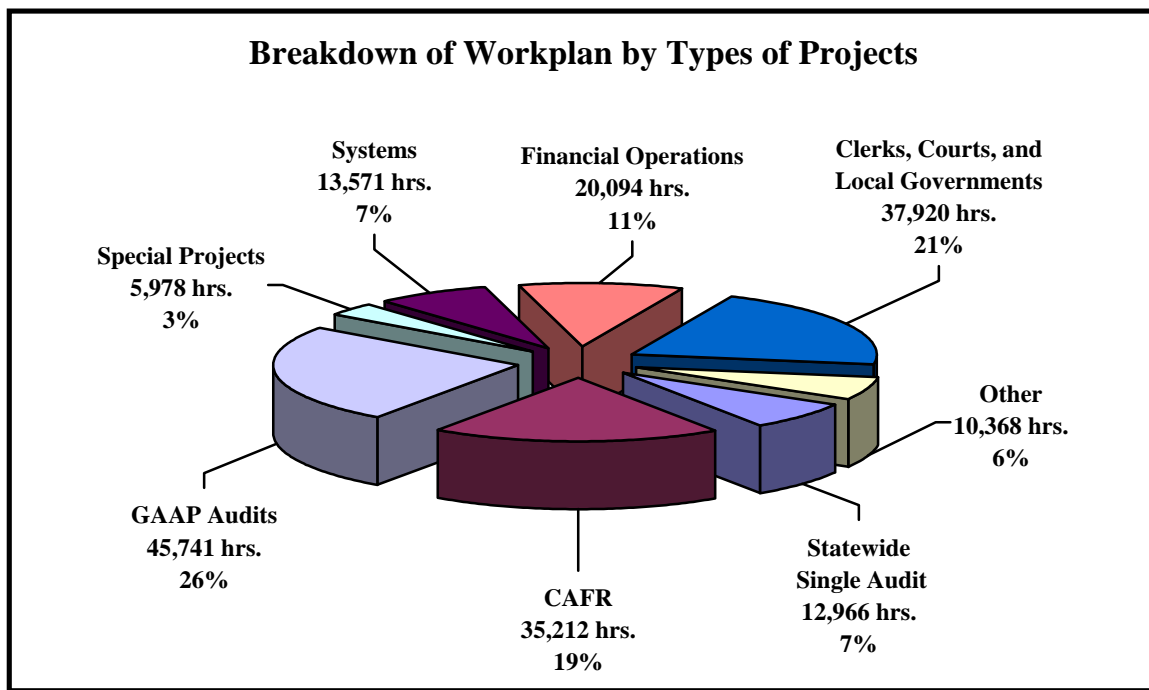
**AUDITOR OF
PUBLIC
ACCOUNTS**



COMMONWEALTH OF VIRGINIA

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March 31, 2000	



CAFR – Audit of the Comprehensive Annual Financial Report of the Commonwealth of Virginia includes work performed at the Department of Accounts and those agencies that are material to the CAFR. Agency audits include the Departments of Taxation, Motor Vehicles, Transportation, General Services, Education, Health, Social Services, and Alcohol Beverage Control; the State Corporation Commission; State Lottery; Virginia College Savings Plan; and Virginia Retirement System.

GAAP Audits – Audits of financial statements prepared in accordance with Generally Accepted Accounting Principles. These audits include the Virginia Port Authority, Center for Innovative Technology, Virginia Biotechnology Research Park, Wireless E911 Service Board, Virginia Commercial Space Flight Authority, all colleges and universities, and financing authorities.

Statewide Single Audit – Audit of major federal programs in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Financial Operations – Financial-related audits of agencies include review of the accuracy of recording financial transactions, adequacy of internal controls, and compliance with applicable laws and regulations.

Systems Reviews – Review development and implementation of new information systems, controls over existing systems, SAS 70 review of the Department of Information Technology Service Bureau, and review of network security controls for agencies exempt from DIT's firewall.

Special Projects – Legislative-requested studies include the review of Criminal Central Record Exchange records, review of unpaid court fines and costs, examination of all Integrated Human Resources Information System development efforts, study of the effects of electronic commerce on audit and business processes, determining the extent of tax relief accruing to businesses under the Personal Property Relief Act, and assisting with development of integrated information system for all criminal justice computer systems. Other special projects involve healthcare issues, performance measures, implementation of GASB34, and the Local Government Comparative Report and its guidance.

Clerks, Courts, and Local Governments – Audits of clerks of the circuit courts, district courts, general receivers, and local treasurers collecting state funds. Also, includes work done in preparing Comparative Report of Local Government Revenues and Expenditures.

Other – Includes other audits, reviews, agreed-upon procedures, and other projects in the workplan.

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED ANNUAL WORKPLAN
FOR FISCAL YEAR 2001**

SPECIAL PROJECTS	9,058
JUDICIAL BRANCH	886
EXECUTIVE DEPARTMENTS	
Executive Offices	589
Administration	3,847
Commerce and Trade	6,248
Education	54,881
Finance	17,683
Health and Human Services	18,090
Natural Resources	3,874
Public Safety	9,784
Transportation	10,280
INDEPENDENT AGENCIES	8,710
LOCAL GOVERNMENTS, CLERKS, AND COURTS	<u>37,920</u>
TOTAL WORKPLAN HOURS	<u><u>181,850</u></u>

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED ANNUAL WORKPLAN
FOR FISCAL YEAR 2001**

SPECIAL PROJECTS

Circuit Courts - Central Criminal Record Exchange	396
<i>Objectives: 2000 Budget Bill (Item 2.D.) requires that the Auditor of Public Accounts include as part of the annual audit of Clerks of the Circuit Court a review of the reporting, completeness, and accuracy of criminal disposition records forwarded to the Department of State Police for inclusion into the Central Criminal Record Exchange.</i>	
Circuit and District Courts - Collection of Unpaid Fines and Costs	412
<i>Objectives: 2000 Budget Bill (Item 2.C.) requires that the Auditor of Public Accounts continue to examine the results of Circuit and District Court collection efforts and methods for unpaid fines, fees, and costs, including those methods used by Commonwealth's Attorneys for delinquent accounts. This review should consider alternative methods, including contracting and other sources, for improving the collection of fines, fees, and costs, and should compare the costs related to the collection efforts.</i>	
IHRIS Assessment	400
<i>Objectives: 2000 Budget Bill (Item 80.A.) requires the Auditor of Public Accounts complete an assessment of the current human resources and payroll technical business environments, including an examination of all IHRIS development efforts to date and an assessment of planned deliverables.</i>	
Electronic Commerce Study	1500
<i>Objectives: Senate Joint Resolution 72 directs the Auditor of Public Accounts to study whether audits of public accounts can be satisfactorily conducted with electronic contracting and electronic procurement processes. The study shall determine whether audits of public accounts, as required by the laws of the Commonwealth, can be satisfactorily conducted using electronic procurements, contracts, and transactions in lieu of paper-based procurements, contracts, and transactions, and identify any statutory or regulatory barriers or obstacles which may prevent the implementation of electronic contracting and electronic procurement processes that are envisioned for the Commonwealth.</i>	
Personal Property Tax Relief Act - Relief to Ineligible Businesses	300
<i>Objectives: Senate Joint Resolution 127 directs the Auditor of Public Accounts to examine the extent to which tax relief granted under the Personal Property Tax Relief Act of 1998 is accruing to or being received by businesses ineligible for such tax relief under the provisions of the Act.</i>	

AUDITOR OF PUBLIC ACCOUNTS PROPOSED ANNUAL WORKPLAN FOR FISCAL YEAR 2001

Public Safety Agencies - Systems Review	240
<i>Objectives: 2000 Budget Bill (Item 430.B.2.) requires the Auditor of Public Accounts to provide assistance to the State Crime Commission on recommendations to how best coordinate the development of an integrated information system for all criminal justice computer systems that allows for the common reporting and sharing of information, while eliminating duplicate information in individual agency systems, and how best to fund future criminal justice computer systems and databases.</i>	
Small Purchase Charge Card Study	400
<i>Objectives: To research statewide small purchase charge card expenditures and develop audit procedures to test charge card purchases for reasonableness, compliance, and proper approval. This project will be coordinated through the individual agency audits and reported in a special report on the small purchase charge card program.</i>	
Healthcare Project	330
<i>Objectives: To obtain understanding of healthcare issues and their effect on Health and Human Service agencies; including issues such as managed care, nursing home facilities, home healthcare, Medicare and Medicaid regulations, healthcare fraud, Comprehensive Services Act, Children's Medical Security Insurance Plan.</i>	
Performance Measures Database	160
<i>Objectives: To analyze data maintained in the Department of Planning and Budget's performance measures database for trends or unusual information.</i>	
Agency Network Security Review	1540
<i>Objectives: To ensure proper network security controls are in place for all agencies that are exempt from authenticating through DIT's firewall. This project includes those agencies connected through DGS's backbone for Internet services.</i>	
GASB 34 Implementation Project	900
<i>Objectives: This project will continue to review the impact of accounting and auditing changes necessary to implement GASB Statement 34.</i>	
Local Government Comparative Report	240
<i>Objectives: The Auditor of Public Accounts will review the current reporting requirements of the Comparative Report of Local Government Revenues and Expenditures, and make recommendations to improve the reporting process and usefulness of this report.</i>	

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED ANNUAL WORKPLAN
FOR FISCAL YEAR 2001**

Uniform Financial Reporting Manual and Audit Specifications	700
<i>Objectives: In accordance with the Code of Virginia, the Auditor of Public Accounts provides accounting and auditing guidance for local governments. This project will update these manuals for changes in accounting and auditing requirements and practices.</i>	
DIT Service Bureau Review	<u>1,540</u>
<i>Objectives: To continue SAS 70 audit of policies and procedures of the Service Bureau, which is used by most agencies for information systems data processing.</i>	
Total Special Projects	<u>9,058</u>

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED ANNUAL WORKPLAN
FOR FISCAL YEAR 2001**

JUDICIAL BRANCH

Supreme Court	380
Public Defender Commission	224
Virginia State Bar	282
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Total Judicial Branch	886
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EXECUTIVE DEPARTMENTS

Executive Offices

Governor, Lieutenant Governor, Cabinet Secretaries ¹	290
Attorney General and Department of Law	299
	<hr/>
Total Executive Offices	589
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Administration

Department of General Services ²	2,493
Department of Information Technology	480
State Board of Elections	252
Department of Veterans' Affairs	224
Department of Personnel and Training	398
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Total Administration	3,847
	<hr/>

Commerce and Trade

Department of Agriculture and Consumer Services ³	832
Virginia Economic Development Partnership	660
Department of Business Assistance	264
Virginia Employment Commission	2,160
Department of Professional and Occupational Regulation	386
Department of Housing and Community Development	612
Department of Forestry	480
Department of Labor and Industry	124
Department of Minority Business Enterprise	120
Innovative Technology Authority/Center for Innovative Technology	396
Racing Commission	214
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Total Commerce and Trade	6,248
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Education

Department of Education	2,215
Virginia Commission for the Arts	184
State Council of Higher Education	468
Virginia Community College System	10,120
Christopher Newport University	1,590
George Mason University	2,232
James Madison University	2,634
Longwood College	1,630
Mary Washington College	1,440
Norfolk State University	2,703
Old Dominion University	2,455

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED ANNUAL WORKPLAN
FOR FISCAL YEAR 2001**

Radford University	1,501
University of Virginia	4,500
University of Virginia Medical Center	3,870
Southwest Virginia Higher Education Center	88
Virginia Commonwealth University	5,032
Virginia Biotechnology Research Park Authority	280
Virginia Military Institute	1,501
Virginia Polytechnic Institute and State University	4,840
Virginia State University	3,208
The College of William and Mary	2,390

Total Education	<u>54,881</u>
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Finance

Department of Accounts/CAFR/SSA ⁴	11,822
Department of Planning and Budget	350
Department of Taxation	4,610
Virginia Public School Authority	215
Virginia Public Building Authority	356
Virginia College Building Authority	330

Total Finance	<u>17,683</u>
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Health and Human Resources

Department of Health	2,985
Department of Medical Assistance Services	3,620
Department of Mental Health, Mental Retardation, and Substance Abuse Services	3,305
Department of Social Services	5,315
Department of Health Professions	440
Governor's Employment Training Department	550
Other Health and Human Resources Agencies ⁶	1,875

Total Health and Human Resources	<u>18,090</u>
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Natural Resources

Department of Game and Inland Fisheries	500
Marine Resources Commission	528
Department of Conservation and Recreation	1,420
Department of Historic Resources	170
Department of Environmental Quality	1,160
Potomac River Fisheries Commission	96

Total Natural Resources	<u>3,874</u>
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Public Safety

Department of Alcoholic Beverage Control	1,941
Department of Corrections ⁵	2,890
Virginia Correctional Enterprises	1,115
Department of Correctional Education	380
Department of Criminal Justice Services	656

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED ANNUAL WORKPLAN
FOR FISCAL YEAR 2001**

Department of Fire Programs	550
Department of Juvenile Justice	660
Department of Military Affairs	332
Department of State Police	650
Department of Emergency Services	<u>610</u>
Total Public Safety	<u>9,784</u>

Transportation

Department of Transportation	6,450
Department of Motor Vehicles	2,450
Department of Rail and Public Transportation	360
Virginia Port Authority	<u>1,020</u>
Total Transportation	<u>10,280</u>

INDEPENDENT AGENCIES

State Corporation Commission	720
State Lottery Department	1,320
Virginia Retirement System	4,180
Virginia College Savings Program	840
Virginia Small Business Financing Authority	176
Local Government Investment Pool	100
A.L. Philpott Center	176
Virginia Information Provider Network Authority	180
Virginia Public Broadcasting	92
Wireless E-911 Service Board	110
Rappahannock River Basin Commission	96
Virginia Tobacco Settlement Foundation	124
Tobacco Indemnification and Community Revitalization Comission	180
Commonwealth Health Research Fund	92
Virginia Tourism Authority	184
Commercial Space Flight Authority	<u>140</u>
Total Independent Agencies	<u>8,710</u>

**AUDITOR OF PUBLIC ACCOUNTS
PROPOSED ANNUAL WORKPLAN
FOR FISCAL YEAR 2001**

LOCAL GOVERNMENTS, CLERKS, AND COURTS

State Accounts (135)	6,000
Circuit Courts (121)	14,200
General Receivers (30)	880
District Courts (200)	13,800
Comparative Report	2,640
Quality Reviews – Local Government Audits	<u>400</u>
Total Local Governments, Clerks, and Courts	<u>37,920</u>
 TOTAL WORKPLAN HOURS	 <u><u>181,850</u></u>

AUDITOR OF PUBLIC ACCOUNTS PROPOSED ANNUAL WORKPLAN FOR FISCAL YEAR 2001

NOTES AND OTHER INFORMATION

Audit Risk Model

We use an audit risk model to identify those agencies with good internal control and compliance systems. We will perform tests of internal control and compliance at these low risk agencies every other year. The audits will cover the period from their last review through the start of the review. Based on the audit risk model results, the following agencies are not included in the proposed workplan.

State Compensation Board	Virginia Workers' Compensation Commission
Milk Commission	State Bar Examiners
Department of Mines, Minerals, and Energy	Motor Vehicle Dealer Board
Museums ⁷	Commonwealth's Attorneys' Services Council
Library of Virginia	Chesapeake Bay Local Assistance Department
Department for the Aging	Department of Aviation

Agencies with Consolidated Financial Operations

¹ *Office of the Governor* includes the Office of the Lieutenant Governor, Cabinet Secretaries, and Selected Agency Support Services, which include the Secretary of the Commonwealth, Virginia Veterans' Care Center, Interstate Organization Contributions, Virginia Liaison Office, Charitable Gaming Commission, and the Commission on Competitive and Equitable Tax Policy.

² *Department of General Services* includes the War Memorial Foundation, Commission on Local Government, Department of Employee Relations Counselors, Council on Human Rights, and the Council on Information Management.

³ *Department of Agriculture and Consumer Services* includes the Virginia Agricultural Council.

⁴ *Department of Accounts/CAFR* (Comprehensive Annual Financial Report)/SSA(Statewide Single Audit) includes the Department of the Treasury, Treasury Board, and the State Internal Auditor.

⁵ *Department of Corrections* includes the Virginia Parole Board.

Consolidated Reports

We have combined agencies for reporting purposes based on similar missions and objectives.

⁶ *Other Health and Human Resources agencies* include Department of Rehabilitative Services, Department for the Visually Handicapped, Department for the Deaf and Hard-of-Hearing, Department for the Rights of Virginians with Disabilities, and the Virginia Board for People with Disabilities.

⁷ *Museum Audit* includes the following agencies: Science Museum of Virginia, Virginia Museum of Fine Arts, Frontier Culture Museum, Virginia Museum of Natural History, Board of Regents - Gunston Hall, and Jamestown-Yorktown Foundation.

We also issue a combined audit report for those agencies within the Secretary of Finance (Department of Accounts, Department of the Treasury, Treasury Board, State Internal Auditor, Department of Planning and Budget, and the Department of Taxation.)

May 8, 2000

The Honorable Vincent F. Callahan, Jr., Chairman
and the Members, Joint Legislative Audit and Review Commission
General Assembly Building
Capitol Square
Richmond, Virginia 23219

Gentlemen:

Pursuant to Sections 2.1-111 and 2.1-172 of the Code of Virginia, the Commission establishes the scales of pay and number of positions for this Office. The Commission last established the scales and positions on April 12, 1999. We are requesting the adoption of the new salary scales effective with this meeting. The salary scales include the adjustment that will take effect on November 25, 2000.

Individuals residing in the Northern Virginia pay differential area will receive the state supplement following Department of Personnel and Training guidelines.

The foregoing is subject to the usual understanding that this Office retains the flexibility to staff in excess of the authorized number of positions so long as the costs remain within our appropriations.

Sincerely,

Walter J. Kucharski
Auditor of Public Accounts

**COMMONWEALTH OF VIRGINIA
AUDITOR OF PUBLIC ACCOUNTS
PROPOSED SALARY SCALES**

Positions	Number of Positions 2000	Number of Positions 2001	Present Scale	Proposed Scale
Deputy Auditor	1	1	\$68,950 - \$110,000	\$71,190 - \$113,575
Project Leader	18	12	48,400 - 92,000	49,973 - 94,990
Auditor	50	45	36,150 - 69,200	37,325 - 71,450
Staff ⁽¹⁾	90	86	21,750 - 45,750	22,457 - 47,250
TOTAL	159	144		

⁽¹⁾ Staff Positions for 2001 include 75 audit staff and 11 audit support staff.

NSAA

National State Auditors Association

COMMONWEALTH OF VIRGINIA
AUDITOR OF PUBLIC ACCOUNTS
QUALITY CONTROL REVIEW
FOR THE PERIOD MARCH 1, 1999
THROUGH FEBRUARY 29, 2000

REPORT

National State Auditors Association

April 10, 2000

Mr. Walter J. Kucharski
Auditor of Public Accounts
Commonwealth of Virginia
P. O. Box 1295
Richmond, VA 23218

Dear Mr. Kucharski:

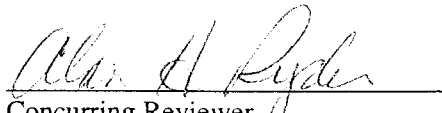
We have reviewed the Auditor of Public Accounts' system of quality control. The purpose of our review was to obtain reasonable assurance of the Auditor of Public Accounts' compliance with government auditing standards. This review included audit reports issued from March 1, 1999 through February 29, 2000. We conducted our review in accordance with the policies and procedures for external quality control reviews established by the National State Auditors Association (NSAA). Our review included tests of selected audit engagements for compliance with the Auditor of Public Accounts' quality control policies and procedures as deemed necessary in the circumstances.

In performing our review, we considered the general characteristics of a system of quality control as described in the external quality control review guidelines issued by NSAA. Such a system should be appropriately comprehensive and suitably designed in relation to the Auditor of Public Accounts' organizational structure, its policies, and the nature of its functions. Because individual performance can vary in any state audit organization, adherence to all policies and procedures may not be possible in every case. However, adherence to prescribed policies and procedures is expected in most situations.

In our opinion, the Auditor of Public Accounts' system of quality control for audits issued from March 1, 1999 through February 29, 2000 was operating effectively and provided reasonable assurance of compliance with generally accepted government auditing standards.



Team Leader
National State Auditors Association
External Quality Control Review Team



Concurring Reviewer
National State Auditors Association
External Quality Control Review Team

**REPORT TO THE
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMISSION**

**FOR THE QUARTER
JANUARY 1, 2000 TO MARCH 31, 2000**

**AUDITOR OF
PUBLIC
ACCOUNTS**



COMMONWEALTH OF VIRGINIA

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April 3, 2000

The Honorable Richard Holland, Chairman
and
Members, Joint Legislative Audit and Review Commission
General Assembly Building
Capitol Square
Richmond, Virginia 23219

This transmits our quarterly summary of reports issued for the period January 1, 2000 through March 31, 2000.

The *Executive Summary* includes reports that may be of special interest to the members of the Commission. We have included a report in the summary for the sole purpose of bringing to your attention matters of significance. These summaries do not include all findings within a report or all reports with findings.

The *Summary of Reports Issued* lists all reports released during the quarter and shows reports that have audit findings.

We will be happy to provide you, at your request, any reports in their entirety. We welcome any comments concerning this report or its contents.

Sincerely,

Walter J. Kucharski
Auditor of Public Accounts

WJK:aom

EXECUTIVE SUMMARY

AGENCIES OF THE SECRETARY OF FINANCE

This report includes all agencies reporting to the **Secretary of Finance** as well as the Secretary's office. The agencies are the **Departments of Accounts, Planning and Budget, State Internal Auditor, Taxation, and Treasury and the Treasury Board**. The finance agencies handle the financial transactions of the Commonwealth including collecting taxes, paying bills, and distributing aid to localities. Responsibilities include forecasting and collecting revenues; managing the Commonwealth's cash, investments, and debt; and preparing and executing the Commonwealth's budget.

Our audits of these agencies found:

- internal control matters that we consider reportable conditions;
- no instances of noncompliance with laws and regulations tested required to be reported under Government Auditing Standards;
- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System; and
- adequate implementation of corrective action on prior audit findings, except for Taxation's implementation of Program Change Control Procedures.

Use the Program Change Management Process

Taxation did not follow its program change control procedures, resulting in the payment of three erroneous refunds totaling more than \$3 million. Program change is the process by which an entity changes its computer program controls so that management understands the effect of the change on controls and that the change works as designed.

Two different groups requested and received approval in 1996 and 1997 to make changes in the program controls; however, the effect of these changes made together did not undergo a complete review at the time of the changes. These changes removed certain controls in the processing of electronically filed tax returns allowing the erroneous refunds.

As noted in the 1997 and 1998 audit reports, Taxation did not properly follow its Program Change Management Process. This process, adopted in 1995, sought to improve clarity for both users and system personnel. The new procedures established steps to prioritize and evaluate requests, analyze requirements, properly document modifications, and test and implement program changes.

Once Taxation was advised of these three refunds, management immediately reestablished the controls over electronic refunds. Taxation has recovered approximately \$2.6 million to date of the erroneous refunds and continues its efforts to recover the balance. In addition, management revised the Program Change Management Process and has appropriately communicated the new process to staff.

Strengthen Controls over Estimated Payment Processing

Remittance Unit staff failed to review error reports, resulting in taxpayers not receiving credit for approximately \$2.5 million of estimated payments. On two occasions, once in October 1998 and again in October 1997, personnel failed to detect the unsuccessful transfer of individual local estimated payment vouchers to STARS. System reports identified the errors when they occurred; however, personnel did not investigate this problem until 1999 when taxpayers began complaining about not receiving credit for payments on their accounts.

Management should evaluate the Remittance Unit's training and procedures to review and correct errors to ensure their timely, accurate, and complete correction. Additionally, Taxation should continue identifying and correcting taxpayer accounts affected by these errors.

VIRGINIA DEPARTMENT OF HEALTH

OFFICE OF INFORMATION MANAGEMENT (OIM)

Prior audit reports have found problems with Health's current systems and weaknesses in the management of the Virginia Information Systems - Integrated On-line Network (VISION) and Year 2000 projects. Factors such as the turnover of leadership, poor project management, and inadequate funding have placed the successful completion of these projects at risk.

Management faces several major issues in the short term, which can affect the direction of Health's future system development efforts. On June 1, 1998, the Century Date Change Initiative Project Office (CDCI) began managing the Year 2000 project, focusing primarily on priority business and enterprise activities. Non-mission critical systems are not part of this effort; therefore, management will probably need to devote significant resources toward the Year 2000 resolution of these systems over the next year.

To resolve the Year 2000 issues with the priority business and enterprise activities, Health has relied on using consultants who, in many cases, are acting in leadership positions within the Office of Information Management. CDCI is providing contract management oversight over the consultants to ensure that they meet the deadlines for the priority business and enterprise activities conversion. Upon completion of these tasks, many of the consultants and CDCI personnel will begin work on other projects outside of Health. Management will need to replace these individuals, especially those working in either a leadership capacity or providing contract management oversight. Management needs to determine how it believes it should operate the Office of Information Management and either recruit individuals for leadership positions or continue using consultants, which requires the preparation and issuance of proposals and contracts. Regardless of the choice, management will need to reach its decision quickly and have both the appropriate resources and controls in place.

Both a short term and long term issue is the funding of Health's system development efforts. While many factors have contributed to the problems with VISION and the response to the Year 2000 issues, one of the primary factors is a lack of funding for these projects. Prior management teams have not successfully secured the funding and other resources to match Health's system development plans and objectives. Management must either find the funding for its plans or adopt plans that more realistically reflect the availability of the resources.

The above items affect several of the detailed issues within the report. How management addresses these issues will affect the future direction of Health's development efforts.

Establish Leadership within OIM

OIM still lacks leadership and proper staffing. Currently, temporary contractors placed by the Century Date Change Initiative Project Office (CDCI) hold many of the key positions, including the Director position. CDCI assumed direct oversight of the Year 2000 project on June 1, 1998. Since that time, CDCI has increased its role to ensure that the information systems of Health will function without disruption. CDCI essentially placed all of the Department's focus on Year 2000 compliance. According to CDCI, as of September 1999, Health was meeting its Year 2000 readiness goals for priority business and enterprise activities.

However, after completing the Year 2000 effort, the contractors will leave and the Health staff and its OIM department will become solely responsible for the successful completion of the remaining VISION modules and non-priority Year 2000 efforts. CDCI staff estimated the costs of completing the VISION system at \$6 million. To ensure continued success, Health needs to adequately plan for the departure of CDCI staff and contractors. Health management will need to either fill essential positions with competent personnel or continue using contractors to address the issues below.

Health has reached its Year 2000 milestones and many CDCI personnel will be leaving around January 2000. Management needs to have its solution to change in OIM leadership in place by that time. If the option elected is the continuation of consultants, management needs to replace the contract management function, which CDCI personnel are furnishing to this process. Their contract management has been a critical component of Year 2000 success to date.

Overview of VISION

VISION represents Health's 1992 redesign of its then existing plan to automate processes both in the central office and local health departments. The VISION plan sets out to place most of the initial modules in the local health departments to address patient flow, information, and billing. These modules would either replace existing systems or would make significant changes to the system.

Between the inception of VISION in 1992 and today, Health has experienced significant change in the leadership of the Office of Information Management and changed the general operating design of the system at least twice. These factors contribute to the current state of the project's implementation.

Current Status of VISION

Although OIM now estimates that the completion of VISION will cost approximately \$6 million, OIM has yet to prepare a comprehensive project budget. Since the project's inception, management has not required that OIM prepare a comprehensive budget of the project. Contributing to the lack of a comprehensive budget has been the inability of management to successfully secure funding for the project, therefore making estimating completion dates and costing difficult. Management should work with the leadership of OIM to examine available resources and within these parameters develop a comprehensive budget with realistic deliverable dates for VISION.

At its inception, VISION would have over 30 modules, but as of April 1999, VISION had only seven operating modules as shown below. Most modern computer systems have an existing useful life of three to

five years before requiring significant change or replacement. Delays in the initial deployment of VISION and changes in technology require the redesign of three of these modules to meet current user needs and the implementation of the contingency plan for one module.

- Appointment Scheduler Module (requires redesign)
- Immunization and Vaccine Inventory Module
- Billing/Accounts Receivable Module (requires redesign)
- Women's and Infant's Health Module (requires redesign) – This module includes Maternity; Resource Mothers; Baby Care; Family Planning Services; Fathers and Families and Children and Adolescents.
- Patient Related Encounter Information Module - This module includes Registration; Financial Eligibility/Insurance Coverage; Encounter; and Community Events.
- Hospital Trauma Registry
- Environmental Health (operating under contingency plan)

After redesigning the three modules above, Health's Agency Information Management Advisory Committee will reexamine the priority for working on the remaining 23 modules. The Commissioner will review the recommendations and then have OIM prepare a budget to support the plan the Commissioner adopts.

For fiscal 2001, OIM is attempting to balance its funding priorities between non-priority Year 2000 compliance issues, supporting on-going agency information management activities, and resources to continue VISION. These types of priorities will continue to affect the operations of OIM and its ability to complete VISION.

We believe management needs to continue the process of setting priorities for VISION discussed above. While OIM should develop a budget of what resources it would take to meet these priorities, it is equally important that OIM show what it can accomplish and within what timeframe work will occur considering available funding. Management can then use these documents to determine the allocation of resources.

REVIEW AND ANALYSIS OF ENHANCED EMERGENCY SERVICES REVENUES AND EXPENSES FOR VIRGINIA'S LOCAL GOVERNMENTS

We have performed an analysis of E911 revenues and expenses by locality per your request.

SUMMARY OF FINDINGS AND ISSUES

- The reporting of E911 expenses raises several issues relative to the legislative intent of the use of E911 services taxes.
 - *Was the legislative intent of the statute, Code of Virginia Section 58.1-3813, (1) to fund all E911 communication costs, (2) to fund all costs of operating a locality's communication center, or (3) to fund some portion of these costs?*
 - *If the legislative intent is to fund only E911 costs or a portion thereof, how does a locality separate or allocate these costs from other communication costs?*
 - *If a locality can use an E911 position to handle other administrative calls or duties, should E911 taxes fund those activities?*
 - *Should all localities fund E911 program director or coordinator positions if they work exclusively on E911 operations?*
- Localities use different type of funds to record E911 activity, which raises the following issues:
 - *Should localities have separate accounting over E911 revenues and expenses?*
 - *Should localities use an individual fund or budget to record these transactions?*
- In 1999, localities collected \$68,065,475 in E911 services taxes, an increase of approximately \$38,050,000 over the past six years. This increase comes from tax increases, more localities assessing the tax, and more telephone lines.
- The average E911 services tax rate has increased from \$.99 to \$1.30 over the past six years.
- As of June 1999, sixteen localities were collecting E911 services taxes but were not providing enhanced emergency telephone service. All of these localities have begun or have plans to provide enhanced services in the future.
- Fourteen localities are not collecting E911 services taxes and do not provide enhanced emergency telephone service. Two localities do not collect the tax, yet provide the enhanced service.

SUMMARY OF REPORTS ISSUED

SUMMARY OF REPORTS ISSUED

The following reports on audit were released by this Office during the period January 1, 2000 through March 31, 2000. Those reports which included findings in the area of internal controls or compliance are indicated by an (*) asterisk.

State Agencies and Institutions

Administration

Local Government Investment Pool for the year ended June 30, 1999
Department of Personnel and Training for the year ended June 30, 1999

Commerce and Trade

Department of Business Assistance for the year ended June 30, 1999
Virginia College Building Authority for the year ended June 30, 1999
Virginia Employment Commission for the year ended June 30, 1999
Virginia Public Building Authority for the year ended June 30, 1999
Virginia Public School Authority for the year ended June 30, 1999
Virginia Small Business Financing Authority for the year ended June 30, 1999

Education

Southwest Virginia Higher Education Center for the year ended June 30, 1999

Colleges and Universities

Virginia Commonwealth University for the year ended June 30, 1999*
Virginia Commonwealth University, Intercollegiate Athletic Programs for the year ended June 30, 1999

Finance

Agencies of the Secretary of Finance for the year ended June 30, 1999*

Health and Human Resources

Governor's Employment and Training Department for the year ended June 30, 1999
Department of Social Services for the year ended June 30, 1999*
Virginia Department of Health for the year ended June 30, 1999

Public Safety

Department of Emergency Services for the year ended June 30, 1999*

Technology

Integrated Human Resources Information System dated January 13, 2000

Transportation

Department of Aviation for the years ended June 30, 1998 and 1999
Motor Vehicle Dealer Board for the year ended June 30, 1999
Department of Rail and Public Transportation for the year ended June 30, 1999*
Department of Transportation for the year ended June 30, 1999*

Independent Agencies

State Corporation Commission for the year ended June 30, 1999
Virginia Higher Education Tuition Trust Fund for the year ended June 30, 1999

Special Reports

Review and Analysis of Enhanced Emergency Services Revenues and Expenses for Virginia's
Local Governments dated November 5, 1999*

Clerks of the Circuit Courts

Cities:

City of Portsmouth for the period April 1, 1998 through June 30, 1999
City of Roanoke for the period July 1, 1998 through September 30, 1999

Clerks of the Circuit Courts (cont.)

Counties:

County of Bath for the period April 1, 1998 through December 10, 1999
County of Charles City for the period April 1, 1998 through June 30, 1999
County of Fauquier for the period April 1, 1998 through December 31, 1999
County of Hanover for the period January 1, 1999 through December 31, 1999
County of Henry for the period July 1, 1998 through December 31, 1999
County of Nelson for the period July 1, 1998 through December 31, 1999
County of Page for the period April 1, 1998 through December 31, 1999
County of Prince William for the period April 1, 1998 through September 30, 1999
County of Scott for the period July 1, 1998 through December 31, 1999

**Commonwealth Revenues Collected by
Constitutional Officers**

Collection of Commonwealth Revenues by Constitutional Officers Statewide Report
for the year ended June 30, 1999

General Receivers

Cities:

City of Lynchburg for the year ended June 30, 1999

Counties:

County of King George for the period July 1, 1996 through June 30, 1998

Treasurers - Turnover

Counties:

County of Campbell for the period July 1, 1999 through December 31, 1999
County of Carroll for the period July 1, 1999 through December 31, 1999
County of Charlotte for the period July 1, 1999 through December 31, 1999
County of Craig for the period July 1, 1999 through December 31, 1999
County of Dickenson for the period July 1, 1999 through December 31, 1999
County of Essex for the period July 1, 1999 through December 31, 1999
County of Franklin for the period July 1, 1999 through December 31, 1999
County of Gloucester for the period July 1, 1999 through December 31, 1999

Treasurers – Turnover (cont.)

County of Henry for the period July 1, 1999 through December 23, 1999
County of Louisa for the period July 1, 1999 through December 31, 1999
County of Middlesex for the period July 1, 1999 through December 31, 1999
County of New Kent for the period July 1, 1999 through December 31, 1999
County of Patrick for the period July 1, 1999 through December 31, 1999
County of Pittsylvania for the period July 1, 1999 through December 31, 1999
County of Powhatan for the period July 1, 1999 through December 23, 1999
County of Smyth for the period July 1, 1999 through December 31, 1999